CHAPTER VII

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An effort has been made to summarise the key findings of the present study and based on these findings a few suggestions have been offered. The objectives of the study are to know the customer services rendered by various housing finance institutions and the factors influencing the utilization of house finance institutions by the selected sample respondents in the study area. For this purpose, field survey method and personal interview technique were employed to collect first hand information from 600 sample respondents. The respondents were chosen randomly from the different parts of the study area. The data were classified into suitable tables for drawing accurate results and the data were analysed by using statistical tools like percentages, average, range, standard deviation, two-way tables and chi-square test, Henry Garrett ranking technique was also employed to find out the reasons for selecting the housing finance institutions and problems faced by the respondents. In addition to the above statistical tools, multiple regression analysis and multi-discriminant analysis were used. The profitability of housing finance institutions was analyzed with the tools of ratio analysis, trend analysis and discriminant analysis.
7.1 FINDINGS

The following are the major findings arrived from the analysis.

- The area of residence and level of satisfaction in utilizing housing finance shows that the semi-urban respondents have perceived the maximum level of satisfaction than the rural and urban respondents in utilizing housing finance. The results of the chi-square test showed that there is a close relationship between area of residence of the respondents and the level of satisfaction in utilizing the housing finance.

- The sex-wise analysis shows that the male respondents have perceived the maximum level of satisfaction than the female respondents in utilizing housing finance. The results of the chi-square test showed that there is a close relationship between sex of the respondents and the level of satisfaction in utilizing the housing finance.

- The analysis of the age and level of satisfaction shows that 46-55 years aged respondents have perceived the maximum level of satisfaction.

- On analyzing the qualification of the respondents which has been categorized into four viz., Illiterate, school level, college and professional. From the analysis, professionally qualified respondents have perceived maximum level of satisfaction. The results of the chi-square test proved at 5% level of significance.
• The analysis of occupation of the respondents highlights that private sector employees have perceived the maximum level of satisfaction in utilizing housing finance. The analysis of the chi-square test shows that there is a close significant relationship between the two variables.

• It is pinpointed from the analysis that low income group respondents have perceived the maximum level of satisfaction than other groups. The analysis of chi-square test shows that there is a close significant relationship between income level and level of satisfaction in utilizing the housing finance.

• While scrutinizing the size of the family, it shows that small sized family perceived maximum level of satisfaction in utilizing housing finance. The analysis of chi-square test shows that there is a close significant relationship between them.

• It is divulged from the analysis that the respondents’ level of awareness shows that low level awareness respondents have perceived the maximum level of satisfaction. The analysis of chi-square test shows that there is a close relationship between level of awareness and level of satisfaction perceived by the respondents in utilizing housing finance.

• It is found from the analysis that the respondents of HDFC limited have perceived the maximum level of satisfaction. The analysis of chi-square
test shows that there is a close relationship between the housing finance institutions and level of satisfaction in utilizing housing finance.

- It is identified that maximum level of satisfaction among the respondents who have got sanctioned loan amount of below Rs.3 lakh. It is accepted by the result of chi-square test at 5% level of significance.

- While analyzing the EMI and level of satisfaction, the respondents paying less than Rs.4000 have perceived maximum level of satisfaction. The analysis of chi-square test shows that there is a close relationship between amount of EMI paid and level of satisfaction perceived in utilizing housing finance.

- It is observed from the analysis that, high level of satisfaction perceived by the respondents in availing housing finance was among the respondents who availed the loan for less than 10 years. The analysis of chi-square test shows that there is a close relationship between period of repayment of loans and level of satisfaction perceived by the respondents.

- It is observed from the analysis that the percentage of high level of satisfaction perceived by the respondents was the highest among the respondents who have complimented the services as high. The analysis of chi-square test shows that there is a close relationship between services of
The study reveals that majority of the respondents (97.7%) are married.

From the analysis, it is found that most (41.2%) of the respondents are having total assets between Rs.10 lakh to Rs.15 lakh.

It is identified from the analysis most of the respondents (37.4%) are getting loan for construction of new house.

While analysing the (fixed) rate of interest maximum (62.5%) of the respondents borrowed loan at 9 per cent interest.

It is found from the study that a good majority (60%) of the respondents paid an average floating interest of 9 per cent.

It is noted from the study that most (75.8%) of the respondents offered land for their loan.

It is highlighted from the study maximum (76.2%) of the respondents have opined that the banks offered above Rs.5 lakh of security against their loan amount.

It is noted from the study that most (32%) of the respondents are getting loan in a period of 30–45 days from the date of application.
• It is pinpointed from the study that majority (50.3%) of the respondents have paid above Rs.5000 as processing fee for their loan amount.

• It is identified that a greater part (49%) of the respondents have invested above Rs.50,000 as margin money for constructing their house.

• It is noted that the majority (75.5%) of the housing finance institutions disburse the loan amount generally in one installment.

• It could be known from the study that most (67.7%) of the respondents paid their loan through post-dated cheque.

• It is found from the analysis that a good majority of respondents reschedules their EMI period by increasing EMI amount. Also most of the respondents have paid a part of loan in advance.

• It is clear from the analysis that a greater part (67.7%) of the respondents are pre-closed their loan for the purpose of availing some other loan.

• It is noted from the study that a good majority (47.5%) of the respondents mobilized the required funds from employer loan for pre-payment of housing loans.

• It is found from the analysis that majority (94%) of the respondents recommend their friends and relatives to avail the housing finance from the same bank.
• It is highlighted from the study that a greater part (85.5%) of the respondents availed the fringe benefits offered by the housing finance institutions.

• It was observed from the research that most (39.3%) of the respondents were attracted through the free housing insurance policy offered by the housing finance institutions.

• It is noted from the study that maximum (61.8%) of the respondents failed to repay installments as per schedule at least one time.

• It is highlighted from the study that a greater part (98.4%) of the defaulted respondents paid penal interest charges for the delay in payment at minimum of one time and most of them are dissatisfied with the penal interest charges.

• It is noted from the analysis that most (53.7%) of the respondents have enjoyed the tax benefits because of housing loan availed and that they are highly satisfied.

• The factors motivating the respondents to choose a particular housing finance institution were studied with the help of Henry Garrett Ranking Technique. Among the various reasons, “Low interest rate” attracted most followed by “Amount of loan high”.

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• The problems faced by the customer for availing housing loan were studied with the help of Henry Garrett Ranking Technique. Out of the nine problems, the respondents were mostly affected by “more formalities” followed by “delay in approval and sanction of loan”.

• From the analysis of Perarson’s Correlation, the relationship between the respondents’ level of satisfaction in utilizing housing finance and thirteen independent factors was studied. It reveals that the level of satisfaction is positively correlated with age, educational qualification, occupation, awareness and level of satisfaction on services. Also, the level of satisfaction is negatively correlated with sex, sanctioned amount and EMI, and most the factors are highly correlated together.

• While analyzing the maximum strength of the research, the multiple regression model was used. The result shows that 71 per cent of the strength was contributed by the ten factors from the selected thirteen factors.

• From the discriminant function analysis, the respondents were divided into two groups viz., low level of utilizers and high level of utilizers of housing finance institutions. Among the two user groups there are three factors like educational qualification, period of repayment, opinion on services significantly discriminated. Also the canonical correlation contributed
78 per cent and Wilk’s Lamda, chi-square test suggest that discriminant function is significant at 1% level.

- Financial performance analysis shows that the ICICI Home Finance Company Ltd. performed well among the selected Housing Finance Institutions. On the other hand, SBI Home Finance Limited shows poor performance. Furthermore, the trend analysis shows current assets, net profit, total assets, net worth and capital employed of the selected institutions except SBI performed good.

- The discriminate analysis of profitability discriminated four variables at 99 per cent of canonical correlation. They are earning assets / working fund, interest earned / total income, non-interest income / working fund and burden / total income.
7.2 SUGGESTIONS

Most of the respondents who belong to semi-urban have perceived the level of satisfaction at the maximum level. It is because some of the housing finance institutions do not offer housing loan facilities in the rural area. They concentrate more on urban areas. Hence, it is suggested that these housing finance institutions may disburse the loan in the rural areas providing more offers than urban area. It may lead to development of the rural areas and reduce the overcrowding in urban areas.

It is identified from the study that better service increases the level of satisfaction. A good customer relationship is more important to enhance the business performance especially, in service oriented organizations. The Housing Finance Institutions have to establish a good customer management with the present and prospective customers.

From the analysis it is found that, most of the respondents were dissatisfied with the rate of interest charged by these institutions. The burden of the rate of interest induced them for pre-closure / switch over to other Housing Finance Institutions. Hence, it is suggested that the Housing Finance Institutions should adopt a good customer orientation and should be very clear and transparent in the interest rate and other processing formalities.
It is pinpointed that most of the Housing Finance Institutions are concentrating only on low income salaried class rather than Businessman and Professionals. Hence, it is suggested that the Housing Finance Institutions may concentrate equally on Businessmen and Professionals based on their credit worthiness. This will help the Housing Finance Institutions to enhance the volume of business on a large scale.

From the research study, SBI Home Finance Limited shows a continuous loss is from 1998-99 to till date. SBI Home Finance Limited being a public sector organization, most of the staff are not maintaining proper Customer Relationship Management and they never initiate any steps to attract the customers. Further, it is found that most of the staff are behaving with lethargic attitude. Hence, it is suggested that the SBI Home Finance Limited should concentrate on customer orientation in marketing or development section / department.

It is found from the research that most of the defaulted respondents are dissatisfied with the penal interest charges. Hence it is suggested to the housing finance institutions that due to some unforeseen financial difficulties the customers have to delay their repayment. So some exceptions may be given on the basis of valid reasons.

It is observed from the findings that majority of the respondents recommend their friends and relatives. Hence, it is suggested that these
organizations should inspire their customers by their services which will prompt the existing customer to introduce or recommend new customers.

- Conducting regular training programs for the staff of Housing Finance Institutions may help to deliver better quality of services to the customers.

- Now-a-days, electronic service providing more number of facilities. Through this, we can pay the installment which will reduce the unnecessary difficulties and defaulted repayment schedule. Hence, it is suggested that these institutions should introduce new technology like on-line transaction, which will enable the customers to pay their installment, transact, consult or clear their doubts through web-technology.

- Reducing the cost of processing fee will help in improving the volume of business and profitability.

- Before sanctioning loans the bankers must thoroughly analyse the borrowers' background to avoid Non-performing assets.

- There are a few banks with jurisdiction over two districts. There must be a Branch of the bank for every district. Then only it can perform well to promote housing loans for housing facilities.

- The Housing finance institutions should not make too many variations in the floating rate of interest.
Some of the customers have paid their loan quite in advance for that the banker imposes prepayment penalty which is against the moral values. So it may be avoided.

Two housing loans should not be sanctioned for a single borrower. After payment of first loan only a second loan may be sanctioned for the additional construction of the house.

Banks must provide housing loan at a concessional rate of interest in those areas where housing facilities are underdeveloped.
7.3 CONCLUSION

This research was aimed at studying the services offered by the housing finance institutions in the study area. Human beings need their own house for their safety. For this purpose, they spend a huge part of their income for owning a house. After implementing LPG, more number of housing finance institutions have emerged in both public and private sectors. All the housing finance institutions have to therefore, without resting on their past laurels, find ways to surge ahead of competition by improved and effective functioning through technological and services up-gradations.

A number of housing finance institutions are involved in many services offered to their customers. Even though the customers are facing some difficulties like confused floating rate of interest, more formalities in applying for the housing finance and delay in approval of housing loans. Housing Finance Institutions involve resolving the difficulties, which increase the market share of that institution. From the performance analysis, it is clearly seen that in selected housing finance institutions, HDFC Limited has provided better services and has performed better than any other Housing Finance Institution.